

**BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA**

Docket No. 2006-329-C

Application of)
Neutral Tandem-South Carolina, LLC)
For A Certificate of Public Convenience)
and Necessity to Provide Local Exchange)
and Interexchange Telecommunication Services)
in South Carolina and For Flexible and)
Alternative Regulation)

TESTIMONY OF RON GAVILLET

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TO THE COMMISSION IN ACCORDANCE
WITH ITS ELECTRONIC FILING INSTRUCTIONS***

1 Q. PLEASE STATE YOUR NAME, TITLE, AND BUSINESS ADDRESS FOR THE
2 RECORD.

3 A. My name is Ron Gavillet and I am the Executive Vice President of Neutral
4 Tandem-South Carolina, LLC (hereinafter "Neutral Tandem" or "Company" or
5 "Applicant"). The principal office is located at One South Wacker Drive, Suite
6 200, Chicago, IL 60606.

7 Q. WHAT ARE YOUR RESPONSIBILITIES?

8 A. I manage the legal, regulatory and external affairs of the Company.

9 Q. PLEASE GIVE A BRIEF DESCRIPTION OF YOUR BACKGROUND AND
10 EXPERIENCE.

11 A. Most recently, I served as Executive Vice President of Strategy and External
12 Affairs and General Counsel for MCG Capital Corp.'s Biznessonline.com, Inc.
13 After 5 years in private practice with the law firm of Skadden, Arps, Slate,
14 Meagher & Flom, I held senior legal and strategy positions with MCI, Universal
15 Access, Vertex Broadband Corp., and USN Communications, Inc. I authored
16 several articles on telecommunications and was the Founder and Co-Chair of the
17 Federal Communications Bar Association Midwest Chapter.

18 I have a B.A. in Communications and a B.S. in Political Science from Southern
19 Illinois University; a J.D. from the Columbus School of Law at Catholic University
20 of America; and Masters in Management from the Kellogg Graduate School of
21 Management at Northwestern University.

22 Q. PLEASE BRIEFLY DESCRIBE YOUR COMPANY'S CORPORATE

1 STRUCTURE.

2 A. Neutral Tandem is a limited liability company organized under the laws of the
3 State of Delaware and authorized to do business in South Carolina.

4 Q. ARE YOU FAMILIAR WITH THE APPLICATION YOUR COMPANY SUBMITTED
5 TO THIS COMMISSION?

6 A. Yes.

7 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

8 A. The purpose of my testimony is to present evidence in support of Neutral
9 Tandem's Application for competitive local exchange and interexchange authority
10 by demonstrating that Neutral Tandem has the ability to provide reliable
11 telecommunication services throughout the State of South Carolina, and by
12 demonstrating why the granting of a Certificate of Public Convenience and
13 Necessity to Neutral Tandem is in the public interest.

14 Q. PLEASE DISCUSS THE MANAGERIAL ABILITY OF NEUTRAL TANDEM TO
15 PROVIDE TELECOMMUNICATIONS SERVICES IN SOUTH CAROLINA.

16 A. Neutral Tandem has the managerial qualifications to provide services in South
17 Carolina. Rian J. Wren, President and Chief Executive Officer, has more than
18 twenty years experience in the telecommunications industry. Prior to joining
19 Neutral Tandem in February 2006, he was Senior Vice President and General
20 Manager of Telephony for Comcast Cable. Prior to joining Comcast, Mr. Wren
21 held several senior management positions at AT&T. A description of the
22 background and experience of Neutral Tandem's key management team was

provided as Exhibit C to the Application in this proceeding.

Q. DESCRIBE NEUTRAL TANDEM's FINANCIAL ABILITY TO OPERATE AS A TELECOMMUNICATIONS CARRIER.

A. Neutral Tandem filed its unaudited balance sheet and income statement as of October 13, 2006, under seal as Exhibit D of the application. Since the company was formed on August 29, 2006, Neutral Tandem, Inc., the parent company, will provide financial support to the Applicant if needed during the start-up phase. The audited financial statements for Neutral Tandem, Inc. as of December 31, 2005, were also filed under seal as Exhibit E of the application. The unaudited financial statements as of October 13, 2006, were also filed under seal as part of Exhibit D. The Companies' financial positions clearly demonstrate Neutral Tandem's ability to support its operations and serve the public in South Carolina.

Q. PLEASE DESCRIBE THE OPERATIONS OF THE COMPANY AND THE SERVICES IT PROPOSES TO OFFER IN SOUTH CAROLINA.

A. Applicant will market its services primarily to other carriers. Applicant seeks authority to provide both facilities-based and resold non-switched dedicated and private line services that will provide ILECs, CLECs, ISPs, paging and cellular companies, cable companies, and government and corporate customers with broadband transmission services throughout South Carolina.

Applicant intends to expand its service offerings to include facilities-based and resold local exchange services and a full range of 1+ interexchange telecommunications services on a resale basis as market conditions warrant.

1 More specific information regarding Neutral Tandem's proposed services may be
2 found in Neutral Tandem's tariff attached as Exhibit F of the Application.

3 Q. HAS THE COMPANY EXECUTED A STIPULATION WITH THE SOUTH
4 CAROLINA TELEPHONE COALITION?

5 A. The company intends to offer services initially only in BellSouth's areas. We have
6 executed the stipulation with the South Carolina Telephone Coalition and are
7 seeking statewide certification subject to the Stipulation. We request that the
8 Commission approve the stipulation.

9 Q. WHAT FACILITIES WILL NEUTRAL TANDEM USE TO PROVIDE ITS
10 PROPOSED LOCAL TELECOMMUNICATIONS SERVICES?

11 A. Neutral Tandem plans to provide local exchange services through both resold
12 and owned facilities. Where Applicant lacks facilities and where customer
13 demand warrants, Applicant may resell the high capacity special access services
14 of other facilities-based carriers, such as DS-1, DS-3, and multiplexing services.

15 Q. HAS YOUR COMPANY BEGUN NEGOTIATIONS WITH INCUMBENT LECS IN
16 SOUTH CAROLINA?

17 A. No.

18 Q. HOW WILL NEUTRAL TANDEM BILL FOR ITS SERVICES?

19 A. Neutral Tandem will bill monthly for its services. Neutral Tandem bills customers
20 directly.

21 Q. DOES NEUTRAL TANDEM PRESENTLY OFFER OR PROVIDE INTRASTATE
22 SERVICE IN SOUTH CAROLINA?

1 A. No.

2 Q. DOES THE COMPANY OFFER A DEBIT OR PREPAID CALLING CARD?

3 A. The Company does not offer a debit or prepaid calling card service.

4 Q. HOW WILL NEUTRAL TANDEM MARKET ITS SERVICES?

5 A. Neutral Tandem will market its services through its sales force.

6 Q. DOES NEUTRAL TANDEM USE TELEMARKETING AS A METHOD FOR
7 SELLING ITS SERVICES?

8 A. No.

9 Q. HOW ARE CUSTOMER INQUIRIES/DISPUTES HANDLED?

10 A. Applicant understands the importance of effective customer service for local
11 service customers and has made arrangements for its customers to call the
12 company at its toll-free customer service number 866-388-7258. The toll free
13 number will be printed on the customer's monthly billing statements. Customer
14 service representatives are available from 8 a.m. to 8 p.m. Monday through
15 Friday and from 9 a.m. to 1 p.m. Saturday (all times Central) to address customer
16 complaints. Customers who are unsatisfied with the initial resolution offered by a
17 customer service representative will be referred to a supervisor. A customer who
18 is dissatisfied with the resolution offered by a supervisor will be referred to the
19 Office of Regulatory Staff. The Company will establish a dedicated representative
20 of its legal department for receipt of such escalated complaints from the Office of
21 Regulatory Staff.

22 Q. WHO IS THE CONTACT PERSON AT THE COMPANY THAT THE

1 COMMISSION STAFF SHOULD CONTACT REGARDING CUSTOMER
2 COMPLAINTS OR REGULATORY ISSUES?

3 A. I am the person that the Commission should contact regarding customer
4 complaints or regulatory issues. I can be reached at
5 rgavillet@neutraltandem.com or (888) 380-2721.

6 Q. IN WHAT STATES HAS NEUTRAL TANDEM RECEIVED AUTHORITY TO
7 PROVIDE SERVICES?

8 A. Neutral Tandem-South Carolina, LLC does not have authority to provide local
9 exchange and interexchange telecommunication services in any jurisdiction.
10 There is, however, a generally separate limited liability company set up for each
11 of Neutral Tandem's affiliates by state. Neutral Tandem, Inc. is the parent of each
12 affiliate. Following is a list of affiliates with authority to provide service in other
13 jurisdictions:

14 Neutral Tandem California, LLC
15 Neutral Tandem Colorado, LLC
16 Neutral Tandem-Florida, LLC
17 Neutral Tandem-Georgia, LLC
18 Neutral Tandem-Illinois, LLC also services Wisconsin
19 Neutral Tandem-Indiana, LLC
20 Neutral Tandem-Maryland, LLC
21 Neutral Tandem-Michigan, LLC also services Ohio
22 Neutral Tandem-Minnesota, LLC
23 Neutral Tandem-Missouri, LLC
24 Neutral Tandem-Nevada, LLC
25 Neutral Tandem-New Jersey, LLC
26 Neutral Tandem-New York, LLC also services Connecticut and Pennsylvania
27 Neutral Tandem-Oregon, LLC
28 Neutral Tandem-Virginia, LLC
29 Neutral Tandem-Washington, LLC
30 Neutral Tandem-Washington, D.C., LLC
31

Applicant's affiliates have authority to provide telecommunications services as indicated:

JURISDICTION	AUTHORIZED TO PROVIDE	DATE SERVICE COMMENCED
California	Local Exchange and Interexchange	Feb 2005
Colorado	Local Exchange and Interexchange	N/A
Connecticut	Local Exchange and Interexchange	Jan 2005
District of Columbia	Local Exchange and Interexchange	N/A
Florida	Local Exchange and Interexchange	Feb 2005
Georgia	Local Exchange and Interexchange	Aug 2005
Illinois	Local Exchange and Interexchange	Feb 2004
Indiana	Local Exchange and Interexchange	Oct 2005
Maryland	Local Exchange and Interexchange	N/A
Michigan	Local Exchange and Interexchange	Sep 2004
Minnesota	Local Exchange and Interexchange	Jul 2005
Missouri	Interexchange	N/A
Nevada	Local Exchange and Interexchange	N/A
New Jersey	Local Exchange and Interexchange	N/A
New York	Local Exchange and Interexchange	Aug 2004
Ohio	Local Exchange and Interexchange	Jan 2005
Oregon	Local Exchange and Interexchange	N/A
Virginia	Local Exchange and Interexchange	N/A
Washington	Local Exchange and Interexchange	N/A

1 Q. WHERE DOES NEUTRAL TANDEM CURRENTLY HAVE APPLICATIONS
2 PENDING TO PROVIDE SERVICES?

3 A. Applicant's affiliate, Neutral Tandem-Arizona, LLC has an application pending in
4 Arizona.

5 Q. HAS NEUTRAL TANDEM EVER BEEN DENIED CERTIFICATION IN ANOTHER
6 STATE?

7 A. No.

8 Q. HAS NEUTRAL TANDEM EVER BEEN SUBJECT TO ANY FEDERAL OR
9 STATE INVESTIGATION REGARDING ITS SERVICES?

10 A. No.

11 Q. WHY IS THE COMPANY SEEKING EXEMPTIONS FROM USOA, DIRECTORY
12 PUBLISHING, MAINTAINING RECORDS IN SOUTH CAROLINA, AND
13 CERTAIN REPORTING REQUIREMENTS?

14 A. We respectfully request that we be exempt from any Commission policy that
15 might require a carrier to maintain its financial records in conformance with
16 USOA. As a competitive carrier, we maintain our books in accordance with
17 GAAP; and therefore, do not possess the detailed cost data required by USOA.
18 Neutral Tandem requests a waiver of the requirement of publishing a local
19 exchange directory. The Company will arrange with the incumbent carriers for
20 publishing its customers' numbers in the ILEC's directory. Neutral Tandem also
21 requests a waiver of the requirements of 26 S.C. Reg. 103-610 that a carrier
22 keep all records required by the Commission's rules and regulations with the

1 State of South Carolina. Since the Company's corporate records are in Illinois
2 and it does not anticipate maintaining offices or personnel in South Carolina, it
3 would create an additional expense and be unduly burdensome to maintain
4 records in South Carolina. We will have a registered agent in South Carolina and
5 bear any costs associated with the Commission's inspection of our records and
6 books at our headquarters.

7 Q. IN YOUR OPINION, WOULD THE ISSUANCE OF A CERTIFICATE TO
8 NEUTRAL TANDEM BE IN THE PUBLIC INTEREST?

9 A. Applicant's entry into the South Carolina marketplace is in the public interest
10 because Applicant intends to make an attractive blend of service quality, network
11 management and reporting, and low rates available. The market incentives for
12 new and existing providers of telecommunications services will be improved
13 through an increase in the diversity of suppliers and competition within the local
14 exchange telecommunications market. As a result, all consumers will enjoy
15 greater availability of services, lower costs, higher quality, and increased
16 efficiency and reliability. I believe that Neutral Tandem will operate as the very
17 type of responsible, solid telecommunications carrier that the Commission wishes
18 to enter the State of South Carolina.

19 Q. WILL THE SERVICE YOUR COMPANY INTENDS TO PROVIDE MEET THE
20 SERVICE STANDARDS OF THE COMMISSION?

21 A. Yes.

22 Q. WILL GRANTING YOUR APPLICATION ADVERSELY IMPACT THE

1 AVAILABILITY OF AFFORDABLE LOCAL EXCHANGE SERVICE?

2 A. By granting Neutral Tandem's certificate, the Commission will be fostering
3 greater competition in the local exchange telecommunication service markets.
4 With additional competition, existing providers will strive to offer services at the
5 lowest rates and most innovative features possible to attract new customers and
6 retain existing customer bases.

7 Q. WILL YOUR COMPANY SUPPORT UNIVERSALLY AVAILABLE TELEPHONE
8 SERVICE AT AFFORDABLE RATES AS REQUIRED BY THE COMMISSION?

9 A. Yes, the Company will support Universal Service.

10 Q. IS NEUTRAL TANDEM REQUESTING RELAXED REGULATORY
11 TREATMENT?

12 A. Yes. Since we will be a non-dominant, competitive provider of local exchange
13 services, we request that the Commission regulate our Company in the same
14 relaxed fashion authorized in Order No. 98-165 in Docket No. 97-467-C and
15 extended to similarly situated carriers. We understand that this flexible regulatory
16 treatment requires that we file maximum rates for our local service offerings.
17 Local tariff filings would be presumed valid once they are filed subject to the
18 Commission's right to investigate the filing within thirty days.

19 Q. HAS NEUTRAL TANDEM REQUESTED ALTERNATIVE REGULATION OF ITS
20 OPERATOR SERVICE OFFERINGS?

21 A. Yes. Neutral Tandem requests that the Commission regulate these services in
22 accordance with the principles and procedures established for alternative

1 regulation in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C which was
2 approved for AT&T and other similarly situated companies. It is our
3 understanding that maximum rates would be eliminated for these services. In
4 addition, tariff filings are presumed valid upon filing, subject to the Commission's
5 right within seven days to begin an investigation.

6 We understand that the alternative regulation orders were modified by Order No.
7 2001-997 in Docket No. 2000-407-C so that rate caps for operator-assisted calls
8 where a consumer uses a local exchange carrier's calling card to complete calls
9 from locations which have not selected that local exchange carrier as their toll
10 provider were reestablished. The order imposed a maximum cap of \$1.75 for
11 operator surcharges for such calls, and a maximum cap of \$0.35 related to the
12 flat per-minute rate associated with these calls.

13 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

14 A. Yes.

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CERTIFICATE OF SERVICE

This is to certify that I, Vickie V. Pietschker, a legal assistant with the law firm of Robinson, McFadden & Moore, P.C., have this day caused to be served upon the person(s) named below the **Testimony of Ron Gavillet** in the foregoing matter by placing a copy of same in the United States Mail, postage prepaid, in an envelope addressed as follows:

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Dated at Columbia, South Carolina this 14th day of December, 2006.


Vickie V. Pietschker